VANCOUVER ISLAND
health authority

Health Services Redesign Plan 2003/04 – 2005/06

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HEALTH SERVICES REDESIGN PLAN 2003/04 - 2005/06

Vancouver Island Health Authority

Quick Stats…

- *Operates 138 facilities throughout 56,000 square kilometers of varied geography.*
- *Employs approximately 16,000 health care workers*
- *Works with 1,350 physicians on the islands*
- *Operates with an annual budget of $1.1 billion.*
- *Provides 1,500 acute care beds and 2,300 residential and mental health beds. Another 3000 beds are provided through affiliates and contracts.*
- *Facilitates about 60,000 surgeries each year; 260,000 emergency visits and 5,600 births.*
- *Conducts 500,000 medical x-ray images a year.*
- *Prepares 11,000 meals a day.*

INTRODUCTION

The Ministries of Health Services (MoHS) and Planning (MoHP) require three-year Health Service Redesign and Budget Management Plans from all health authorities.

This document represents Health Services Redesign Plan 2003/04 - 2005/06 and summarizes key initiatives that have been or will be undertaken by VIHA over the next three years. This plan will reflect:

- activities necessary to meet the health needs of the population VIHA serves
- strategies undertaken in the first year of the 02/03 plan
- priorities for achieving an effective, sustainable health service delivery system within the provincial funding allocation from 2003/04 to 2005/06.

In addition to the Health Services Redesign plan, VIHA and MoHS have a signed Performance Agreement that outlines targets to increase system delivery responsiveness while enhancing the health of the population.

VANCOUVER ISLAND HEALTH AUTHORITY

In December 2001, the Ministry of Health Services and Health Planning restructured the health system to achieve four long-term goals:

- accessible, high quality health care;
- patient-centred health care;
- improved health and wellness; and,
- sustainable, affordable health care.

The Vancouver Island Health Authority is one of six, newly created health authorities in BC. VIHA's geographic reach embraces all of Vancouver Island, the Gulf and Discovery Islands, and mainland areas adjacent to Mt. Waddington and Campbell River.

An Executive Group reporting to the Board through the CEO oversees the delivery of hospital, community, residential, home, environmental and public health services including education, prevention and protection to meet the needs of 706,000 residents.

The Vancouver Island Health Authority Board of Directors:

The Board comprises nine-members drawn from most geographic areas on the islands. The Board of Directors oversee the governance and delivery of quality health services in a fiscally responsible and accountable manner.

The Board meets every two months. The Committee of the Whole and three Board committees:

- *Health Quality Committee*
- *Finance & Audit Committee;*
- *Governance & Human Resources Committee*

play an important a role in achieving VIHA's mandate of improving the health status of the population.

Environmental Context

Many notable challenges face VIHA as the organization moves into its second fiscal cycle. The major issues are:

Population

The population of VIHA represents 17% of the province. The most notable difference between the VIHA population and the rest of the province is the proportion of seniors. Within the VIHA, 8.5% of the population is older than 75 (compared to 6.1% for the province) and within this group 2.2% is older than 85 (compared to 1.6% for the province). People 75 and older use health services at several times the rate of those under 75.

By 2007, the population of VIHA is projected to increase by 24,450 residents. The population over the age of 75 will increase by about 10% including an increase of about 30% in the population over the age of 85. Vancouver Island has six of the 10 "oldest" communities in Canada.

The "baby boomer" population is forecast to increase by about 16% by 2007. While the impact of the aging baby boomer is still debated, it is anticipated that they will be more informed than past consumers and will demand more choice and options. The first wave of "baby boomers" will be 65 years old in 2011.

Population Health Inequities

Overall, compared to the rest of the Province and Canada, the health status of the citizens served by VIHA is good. However, variations within VIHA are significant. South Island appears to have the same health status as the rest of the Province but the health status of populations outside the South Island is lower:

- there is a greater likelihood of premature death in both the North and Central Island areas (about 20% more years of life lost as a result of death before the age of 75);
- infant death is about 35% higher in the North and 10% higher in Central Island than the rest of BC;
- in the North, on average people live about one year less than the rest of BC.

Vancouver Island is now more self sufficient than ever

VIHA is now able to meet the service needs of the vast majority of Vancouver Island residents: few are required to leave the island except for specialized needs.

VIHA's goal is a self-reliance target of 98% for adults and a target for children of 95%. This measurement is an indicator of responsive health care system – one that is able to meet the needs of patients and community populations.

Several populations have been identified by VIHA for health status improvements including:

- Children and Youth
- Fragile Elderly
- Chronically Ill
- Adults with Mental Illness
- Downtown and the Hard to Serve
- Persons with Disabilities
- Aboriginal Populations
- Rural/Remote Populations

Human Resources

Recruitment and retention of health professionals and physicians will continue to be a challenge. Across Canada and in many other countries in the world, shortages of certain professionals, such as pharmacists and physician specialists create a "sellers" market where health professionals can choose from several desirable employment offers. Within VIHA, the distribution of health professionals presents additional difficulties; for example, recruitment and retention of specialists is particularly challenging in the north island while family physicians are in short supply in certain communities in both the central and north island.

For family physicians, two related trends have emerged: family physician migration from full scope practice to other delivery models and new demands for continuity of care and chronic disease management. New configurations of service delivery are necessary to optimize scarce human resources.

VIHA is mindful of the relationship between workloads and job satisfaction, and between provider satisfaction and the quality of service. The challenge is to devise new models of service delivery that meet the needs of the population and provide an acceptable quality of work life for health professionals.

New Technology and Innovation Costs

While new technologies can and do provide improved patient status and quality of life, they can be expensive and require significant resources for training and implementation. One example is the introduction new pharmaceuticals such as Visudyne. As funding to support new technology and equipment is scarce, rigorous technology assessment and financial analysis must demonstrate compelling human and financial benefit.

Costs of health care in BC:

- *The Province of BC spends over $11 billion each year on health care (41% of the total provincial budget) and spends more per capita than most provinces*
- *The health system spends an average of $1,400 per year caring for someone between 25-45. This jumps to $18,800 for someone between 85-89.*
- *In VIHA, overall funding has grown, but is insufficient to pay for negotiated or legislated salary increases, inflation, aging infrastructure, and increased population service needs.*

Information Technology

The amalgamation of several health agencies into one health authority can be greatly advanced by computer technology and information processing. Computer technology is a powerful enabler and can be a unifying force in the amalgamation process. Five major issues that must be addressed by VIHA are:

- creating a electronic health record to enhance health service delivery
- integrating business approaches; for example, aligning and standardizing policies across the organization
- standardizing use and application of software such as payroll and health record systems
- developing a common computer communications network as our ability to communicate is critically important to providing optimum patient care, particularly in remote areas
- creating sources of funding to acquire and implement the technology

Each of these issues requires significant resources, both human and funding. Considerable effort and innovation will be required over several years to build an information system that can support VIHA's mandate within existing resources.

Aging Infrastructure and Equipment

The average age of VIHA facilities is 33 years. As well, the technology that we depend on to deliver care and service is aging and requires a replacement strategy. For example, medical imaging equipment ranges from new to 26 years old.

Securing and/or identifying dedicated funding to support capital acquisition and replacement continues to be a challenge in spite of the ongoing successful fundraising efforts of the numerous hospitals, health foundations and auxiliaries and contributions from the Regional Hospital Districts.

Financial Pressures

This fiscal year's funding allocation included an increase of $19.4 million. However, VIHA experienced additional cost pressures this fiscal year of $43 million related to the cost of union wage agreements, benefit increase, inflationary and new technology costs. These pressures must be accommodated by this Redesign Plan.

Special Populations Require Special Care

VIHA will focus on specific population groups where there are clearly defined needs and an ability to influence health. Eight specific populations have been targeted:

***Downtown/Hard to Serve**: The number of homeless and marginally housed residents of VIHA is growing, as are the number of people with active tuberculosis and injection drug users who have hepatitis C and HIV/AIDS. These groups are dependent on emergency services for help in times of crisis. However, outreach workers and street nurses can provide basic health care, improve health status and help reduce demands on the acute care system.*

A YEAR IN REVIEW

In the context of these issues, VIHA made significant progress toward creating a responsive and sustainable health system during its first fiscal cycle. The Health Authority needed to resolve a substantial budget shortfall, implement a new management and service delivery structure, work towards the integration of services in a newly formed organization and improve population health.

Major themes of VIHA's first Health Services Redesign Plan (2002/03 – 2004/05) included:

- consolidating programs to improve patient care
- coordinating networks of continuing and acute care service
- restructuring services and programs to facilitate improvement in the health status of vulnerable populations
- reducing infrastructure and administrative costs
- sustaining and improving the workplace environment
- functioning within available resources
- introduce a framework of accountability and performance management

During the first fiscal period, the health authority recognized many opportunities to improve service delivery and sustainability within a number of sectors and populations:

- ***Acute Care***
  In 2002, VIHA began streamlining its acute care system with a new regional perspective. It is creating an interlinked system of small community hospitals and treatment centers, larger remote and community hospitals, and regional referral centers.

  Within the last year, a new, state-of-the-art facility was added to Royal Jubilee Hospital in Victoria. This facility provides island-wide services and accommodates both current and future population needs with operating rooms; critical care; coronary, cardiovascular and cardiac beds; emergency; renal; ophthalmology day surgery; laboratory and medical imaging. Additionally, the redevelopment of Nanaimo Regional General Hospital (expected completion in 2005) will expand operating room capacity and will provide a new perinatal area and a higher level of service in the Special Care Nursery. Both facilities will act as regional referral centres. As well, the new renal dialysis unit at RJH opened with 30 stations – 11 more than the old

unit and in the Central Island, the Nanaimo Community Dialysis Clinic expanded from 4 to 12 stations.

Several other operational changes were realized:

- consolidation of cardiac, respiratory and oncology at Royal Jubilee Hospital
- consolidation of maternity services at Victoria General Hospital for an annualized savings of approximately $450,000
- initiation of a 10-bed, regional Palliative Care Program at Saanich Peninsula Hospital
- reduction of urgent care hours of operation from 24 hours to 0730 – 2230 at Ladysmith General Hospital and Chemainus Health Care Centre. Annual savings will be $80,000
- transfer of all surgeries from the Cumberland Diagnostic & Treatment Centre to St. Joseph's General Hospital. Approximately $330,000 in annualized saved are expected.

Future planning in acute care involves:

- service networks for: critical care, emergency health, and surgical services with medical, cancer, and child and family services to follow
- acute care "clinical pathways" to foster new standards of care delivery, integrate clinical activity to support standards and facilitate the development of innovation strategies. Work is underway in trauma care and stroke care
- A University of British Columbia undergraduate medical education expansion (first intake for the Island Medical Program will occur in January 2005). This program is in partnership with UBC and University of Victoria.

Special Populations Require Special Care

Rural & Remote Health: *People in rural and remote areas have a unique set of challenges in accessing health services. Transportation options are limited and services are spread over considerable distances because of low population densities. It is difficult to attract and retain qualified staff and physicians; therefore some services may not be readily available. The health status of rural populations is often below that of people in urban areas.*

- ***Diagnostic Services***

Technological advances in diagnostic care continue to improve patient outcomes. Increased capacity in services and new ways of doing business are changing the way hospitals and physicians provide care.

A new CT scanner at Royal Jubilee Hospital is providing increased patient throughput and improved diagnostic capability. Initiation of a CT scan service at Saanich Peninsula Hospital increased overall south island capacity to 6,500 CT exams (26%) and elective patient waiting time reduced from an average of 13 weeks to two weeks. Increased capacity in Central Island has been achieved through the establishment of a CT service at Cowichan District Hospital permitting an increase of 2,500 patients annually.

Installation of new MRI scanner at Royal Jubilee Hospital increased the capacity of MRI exams in VIHA south by 4,000 exams (56%) and reduced elective patient waiting time from an average of 40 weeks to 13 weeks. MRI service at Nanaimo Regional General Hospital will add 2,500 scans annually, providing patients with an alternative to travelling to Victoria or Vancouver for service.

A $1.5 million investment in Laboratory automation was made to reduce processing costs and increase capacity at the same time. This new robotics line at the Royal Jubilee Hospital is a very important building block in achieving significant budget targets over the next three years.

These improvements and advances significantly improve patient safety and the diagnostic turn around time that is especially critical for the emergency departments and high intensity care areas.

Special Populations Require Special Care

***Adults with Mental Illness**: VIHA's approach recognizes the need for an integrated approach to more effectively address the reality that people with mental illness tend to experience more unemployment, substance misuse, homelessness and untreated illness than the general population.*

This population has specific needs that can be targeted through community and focused program supports.

- ***Mental Health and Addictions***

  About 10,000 to 12,000 people within the VIHA population suffer from a serious and persistent mental illness at any one time and approximately 60 - 70% also have a substance disorder. VIHA is committed to keeping the length of hospital stay for patients with mental illness and addictions as short as possible by providing carefully planned transition to community and alternative care models.

  VIHA has allocated $6.47 million over the next three years to develop new community-based services. The funding is being allocated to each health service delivery area according to need and will support 24 initiatives to support those with mental illness and/or addictions in their recovery:

  - North Island will see a crisis network, housing, a mobile clinic and more rehabilitation.
  - Central Island will establish transitional and emergency housing.
  - South Island will offer mobile teams, housing, respite and a dedicated psychiatric emergency treatment room near an emergency department.

  As a result of the redevelopment of provincial mental health services, the new Seven Oaks facility reopened in fall 2002 with an additional 26 beds. The facility is designed to provide support for people with highly complex needs who require 24-hour care and supervision. An additional 33 beds are being planned for Nanaimo.

Special Populations Require Special Care

Chronically Ill: *Chronic diseases – diabetes, hypertension, asthma, depression, renal failure and congestive heart failure – are long-term and life threatening. But they can be prevented and/or managed. Specific programs will help individuals maintain independence and stay as health as possible through prevention, early detection, and management of chronic conditions. These too will involve cross-sectoral collaboration, focusing on the patient's needs and following treatment protocols to ensure optimum care.*

Additional supports for those suffering from substance misuse are underway in Victoria. Concerns from Victoria business owners regarding overt drug use in the downtown core led to a response to the issue by the City of Victoria, the Victoria City Police and VIHA. The partners agreed on an action plan to increase the safety of the downtown area and to provide appropriate facilities for youth and adult sobering.

Adults in the downtown core who need short-term shelter and access to outreach, addictions and other health, social and housing services will benefit from a new Sobering and Assessment Centre. Construction on the centre has begun with an opening expected in early 2004.

Other initiatives include an expanded youth detoxification services, increased needle pick-up program, improved intake procedures for psychiatric emergencies and additional street outreach nurse services.

- ***Primary Care***

  VIHA is working toward a comprehensive and integrated primary health system. New models of primary care are being developed to reduce hospital admissions, coordinate health service delivery, enhance post hospital care, and bridge gaps between the acute and community care. These initiatives include health professionals working in multidisciplinary teams in health care collaboratives and in primary health care organizations as well as networking providers through the use of technology. Facilitated by a $7.5 million grant, part of a $74 million federal/provincial primary health care transition fund, VIHA will develop several projects:
  - South Island has initiated a Chronic Disease Management Network to serve patients with depression, diabetes and chronic heart failure.
  - Central Island will focus on supporting primary care models such as collaboratives, networks or primary health care organizations.
  - North Island will explore ways of complementing the north's acute care system. This includes facilitating community development and primary care support systems with a focus on treatment of chronic disease, mental health, alcohol and drug addictions, youth and young adult sexual health and pregnancy and Aboriginal health.
  - Two island-wide projects are the Chronic Kidney Disease initiative and Advance Directives.

Special Populations Require Special Care

***Fragile Elderly**: VIHA has a growing seniors' population, particularly those over the age of 85. An increasing number have complex and multiple health issues. Programs must provide choice in service options, from home care and palliative services, to home adaptations that will allow aging in place. Services must be coordinated with vital links strengthened between hospital and community care systems.*

***Persons with Disabilities**: Services to address the diverse needs of this group of people are provided by many different agencies and must be better integrated.*

- ***Network of Care***

VIHA is implementing a new model of continuing care service delivery. The goal of service redesign is to move the reliance for seniors' care away from facilities and into communities and will emphasize independent living, self-care and choice.

"Network of Care" is the health authority's name for its redesign of care for seniors and adults with longer term care service needs. Network of Care is an array of care and living options that includes: home support; community supports such as bathing program, adult day programs, respite care, sub-acute programs such as the Geriatric Evaluation and Management program, mental health housing and community resources; complex care (facility-based care for those clients who require 24-hour service), palliative care and assisted living.

Assisted living affords the option of living as independently as possible in the community and provides a combination of building features and services such as meals, housekeeping, recreation, emergency response and usually includes home support provided through VIHA. This program is supported by government through the Independent Living BC (ILBC) program. Over the past 18 months, 145 assisted living units have been opened across the island with many more in the planning stages.

As assisted living units and community supports continue to be established, many obsolete residential care facilities across the island will be decommissioned, converted to assisted living or upgraded to provide complex care. Two VIHA facilities, Bay Pavilion and Kenning/Watson Unit at RJH, were closed in 2002 ahead of schedule. Savings from these closures have been used to fund eight group home beds, 30 additional complex care beds, supportive living units, community care initiatives, as well as new or expanded programs. The plans to close Gorge Road Hospital are progressing.

As well, during the past year, VIHA reduced the number of home support agency contracts from six to three. The anticipated savings from the reduction in infrastructure costs is estimated to be up to $1 million. A notable development was a 7% island-wide increase in home support hours delivered to clients.

Special Populations Require Special Care

Children and Youth: *Research shows the quality of early childhood development is a critical influence on the child's life, affecting his or her schooling, occupational choices and even lifelong health and well-being. Effective health delivery means addressing children's needs "where they are" – in families, schools and communities. VIHA will collaborate with other sectors in taking an integrated approach to child and youth health.*

- ***Public Health and Health Protection***

  Public health is a fundamental component of a sustainable health system. VIHA is working on community-wide health protection services to ensure public health and safety and is supporting the shift in focus from treating to preventing illness. Services include such basic community supports as prenatal teaching, parental support, immunization and dental inspections for children and youth.

  Environmental services to protect public health include food safety inspections, water quality surveillance and clean air by-law enforcement. Recent experience with Severe Acute Respiratory Syndrome (SARS) tested VIHA's ability to quickly mobilize and respond to a public health threat. Working in collaboration with other agencies such as the BC Centre for Disease Control and the Ministries of Health, the spread of this potentially fatal illness was contained. Within VIHA, only two cases were identified as potential SARS.

  The health authority is in the process of developing a strategy for the imminent arrival of the West Nile virus in addition to formalized protocols dealing with a variety of potential bio-terrorist threats. Along with other health authorities and the Ministries, VIHA expects to develop goals and measures in the next year, and to incorporate the programs into a new *Public Health Act* in 2004/05.

- ***Aboriginal Health***

  A number of ministry-based initiatives and requirements provide a framework for health authorities to address the health issues of Aboriginal people in their geographic areas. Among those initiatives are: requirements for Aboriginal Health Plans; guidelines and performance expectations, health directories and the regionalization of funding to support Aboriginal health.

  VIHA's Aboriginal Health Plan is under development and key elements include:

  - establishing Aboriginal Health Advisory and Working Groups
  - developing services and strategic initiatives, such as aboriginal hospital liaisons
  - developing community capacity
  - measuring performance and health status

  Currently, three Aboriginal Health Advisory and Working Groups are in place: Mt. Waddington, Campbell River and Greater Victoria. Two additional groups will be established for Central Island. The mandate of the Aboriginal Health

Special Populations Require Special Care

Aboriginal Health: *The aboriginal population faces challenges on virtually every front: in health status, rates of disease, child health, chronic disease and mental illness as well as in the determinates of health, such as income, employment and housing. This is compounded by the fact that health services on Vancouver Island are a complicated administrative mix of federal, provincial, health authority, band and tribal authority-operated jurisdictions.*

Advisory and Working Groups and will include the review and validation of health status performance measure. These measures include potential years of life lost, infant mortality, preventable admissions, self-harm mortality and consumer satisfaction.

- ***Human Resources***

During the past year, several achievements should be highlighted:

- 85% (11 of 13) of the graduating Registered Nurses from Camosun College were hired by VIHA. Similarly, VIHA employed 74% (48 of 65) of the graduating RN class from the University of Victoria.
- 19% improvement in the staff injury rate (based on data comparing 2001/02 to 2002/03).
- 20% improvement in the overtime rate was achieved (based on data comparing 2001/02 to 2002/03).

An aggressive number of strategies to improve work conditions, such as overhead lifts, as well as better management of staff schedules will continue to reduce injury and overtime rates. These measures are anticipated to save an additional $3 million for 03/04.

An Early Retirement Incentive Plan was available to those union-excluded employees who wished to consider concluding their employment within the Vancouver Island Health Authority. Thirty-two employees chose the ERIP option resulting in a $2.5 million in annual cost savings.

- ***Support Services***

A significant component of VIHA's cost containment initiatives involve support services. A commitment to preserve available funding for health service and a rigorous analysis of non-clinical services resulted in the following changes:

- consolidating the number of laundry facilities from six to two. The consolidation will realize $500,000 in annual savings. Currently, two laundry operations, one at Victoria General Hospital (Victoria Regional Laundry) and one in Cumberland, provide service to all facilities except Port McNeill, Port Alberni, Port Hardy and Alert Bay.
- consolidating south island food productions centers with a savings of $1.1million.

Themes from Romanow Commission 2002 and the Kirby Report 2002

- *Emphasize Population Health*
- *Build on Values*
- *Improve Quality, Safety and Access*
- *Redefine the Structure*
- *Expand Public Insurance Coverage*
- *Achieve Fiscal Sustainability*
- *Increase Accountability*
- *Improved Coordination and Supply of Health Human Resources*
- *Reorganize Primary Care*
- *Better Use of Technology and Innovation*

- outsourcing of grounds keeping service for Royal Jubilee, Victoria General, Saanich Peninsula sites. Following a RFP process a contract was awarded to a local Victoria company. This will save in excess of $200,000 a year.

VIHA will continue to pursue outsourcing where quality and service standards can be maintained or enhanced while reducing costs.

STRATEGIC PLAN

Given the complexity of the health care environment, a Strategic Plan is currently under development. This plan will link the following elements:

- a five-year planning cycle
- a coordinated system of services
- a recognition of all social and environmental impacts that affect health
- a resource focus on the most significant health influences
- an understanding of the needs of the population
- a client and patient focus, particularly the underserved and vulnerable populations
- a realistic economic forecast for BC
- a recognition of the impact of demographics
- a respect for public and consumer input
- an appropriate reflection of provincial policy and direction
- an acknowledgement of the impact of improved technology at both the diagnostic and the information dissemination level
- a continued focus on the need for skilled health care professionals
- a requirement for effective evaluation of plans and initiatives
- an ongoing plan for maximizing the value of time and resources dedicated to specific initiatives
- an integration of quality principles
- identification of enabling requirements such as human resources, capital, technology and others

The Strategic Plan will ensure that as many of the internal and external forces are considered in decision-making and will inform the content of future Health Services Redesign and Budget Management Plans.

Ensuring Quality

VIHA's Regional Quality Council will guide improvements in all areas of health service. Quality will be defined as:

- *Responsiveness: Will improvements make the health care system more available, accessible, timely, equitable and seamless?*
- *Competency: Will improvement ensure actions are appropriate, effective, safe, legitimate, efficient and integrated?*
- *Client/Community Focus: Will changes improve participation and partnership, facilitate respect and caring, increase VIHA's responsibilities and involvement in the community?*
- *Work Life: Will changes improve communication, clarify roles, promote participation in decision-making and create a learning environment?*

SAVINGS AND REVENUE INITIATION FOR 2003/04

As the Strategic Plan is developed over the next several months, shorter-term decisions are required to address today's service needs and fiscal challenges for 03/04. This fiscal year, VIHA has identified a $42.5 million funding challenge to be addressed. This will be achieved with the continued implementation of initiatives identified in last years plan as well as several new savings and revenue generating initiatives. These initiatives touch all service sectors. To the greatest extent possible we have focused on service efficiencies to minimize impacts on direct services to the population. Unlike last year; however, there may be service reductions in order to achieve a balanced budget.

The details of these initiatives are outlined in Appendix 1 of this document. Highlights of the changes include further contracting out of support services, efficiencies in workforce management and purchasing, changes to the proportion of assisted living to complex care, changes to acute care facility roles and redistribution of inpatient services.

CONCLUSION

VIHA brought together six health authorities that included communities as disparate as the remote aboriginal coastal village of Kyuquot, the rapidly growing center of Nanaimo and the highly urbanized region of Greater Victoria. It gained the staff, assets and liabilities of these health care organizations and inherited the complex relationships with partners, local service groups, advocacy organizations and many others.

VIHA is conducting a substantial restructuring of the health care system: it is changing the way home, community and acute care service is delivered; it is addressing the needs of the mental health population by adding and improving services across the health sectors; it is strengthening primary care services and developing health initiatives to improve the health status of Aboriginal populations.

While the immediate financial challenges are significant, we are not losing sight of the larger goals of providing quality services and improving the health of the population. As a number of key strategies move forward this year, the intention is to focus attention on specific vulnerable populations as well as alleviate pressures in parts of the system such as emergency, acute inpatient care and home support. VIHA is dedicated to creating a sustainable health system by ensuring timely access to appropriate services when they are needed.

VIHA is working to build a responsive and responsible health system by creating an integrated care that can respond effectively to the needs of the population. Our intention is better health for all.

VANCOUVER ISLAND health authority

Appendix 1
TABLE OF CONTENTS
VIHA Revenue and Savings Initiative Overview

1.0 BUDGET MANAGEMENT PLAN SUMMARY 2

2.0 ACUTE 3

2.1 Lab Services Repatriation 3
2.2 Consolidation and Restructuring of Lab Services 3
2.3 Pharmacy Drug Utilization 4
2.4 Restructuring Acute - North 5
2.5 Restructuring Acute - Central 7
2.6 Restructuring Acute - South 9
2.7 Paramedical Efficiencies 12
2.8 General Clinical Efficiencies 12
2.9 Surgical Booking Redesign - South Island 13
2.10 Professional Staff Mix 14

3.0 HOME AND COMMUNITY CARE - RESIDENTIAL 16

3.1 Resident Fees for Preferred Accommodation 16
3.2 Restructuring - Community Care - Residential 16
3.3 Affiliate Overhead Cost Reductions 18

4.0 HOME AND COMMUNITY CARE - COMMUNITY 19

4.1 Restructuring - Community Care - Community - South 19

5.0 CORPORATE 21

5.1 Cost Recovery for Non- Insured Services/Hospital Fees for Non-Beneficiaries 21
5.2 Retail Food Outlet 21
5.3 Hospital Based Revenue Generation - Category II 22
5.4 Retail Initiatives 23
5.5 Business Development 24
5.6 Downsizing Non-Contract Staff/Vacancy Management 25
5.7 Food Services Efficiencies 26
5.8 Obsolete Facility Closure - Gorge Road Hospital 27
5.9 Administrative Support Restructuring 28
5.10 Compensation Management 29
5.11 Contracting Out Support Services 30
5.12 Materiel Management Efficiencies 31

1.0 Budget Management Plan Summary

Health Authority: Vancouver Island Health Authority
Service Redesign Strategies ($ millions)

	2003/04		2004/05		2005/06	
	$	FTE's	$	FTE's	$	FTE's
Budgeted Surplus/(Deficit) Prior to Redesign Strategies	**(42.53)**		**(17.47)**		**(3.62)**	
Service Redesign Strategies						
Acute						
Lab Services Repatriation	(0.12)	-	1.40	-	0.00	-
Consolidation/restructuring of Lab Services	0.84	-	0.15	-	0.00	-
Pharmacy Drug Utilization	0.20	-	0.00	-	0.00	-
Restructuring Acute - North	0.36	5	0.00	-	0.00	-
Partial Absorption of Union Contract Increases - North	0.42	6				-
Restructuring Acute - Central	0.20	3	0.99	13	0.00	-
Partial Absorption of Union Contract Increases - Central	1.42	19				-
Restructuring Acute - South	1.58	12	0.07	1	0.00	-
Partial Absorption of Union Contract Increases - South	3.28	44		-		-
Paramedical Efficiencies	1.50	20	0.00	-	0.00	-
Surgical Booking Redesign	0.30	5	0.20	3	0.50	8
Professional Staff Mix	0.00		1.00	-	0.00	-
Home & Community Care - Residential						
Restructuring Community Care Residential	(1.61)		0.28	-	0.00	-
Partial Absorption of Union Contract Increases - Residential	8.89	100	1.40	-		
Affiliate Overhead Cost Reductions	0.19	-	0.56	-	0.00	-
Home & Community Care - Community						
Restructuring Community Care - Community - South	1.50	-	0.00	-	0.00	-
Other (Corporate)						
Hospital Fees for Non-beneficiaries	0.50	-	0.15	-	0.10	-
Hospital Based Revenue Generation - Category II	0.25	-	0.25	-	0.50	-
Retail Initiatives	0.05	-	0.00	-	0.00	-
Business Development	0.50	-	0.50	-	0.30	-
Downsizing Noncontract Staff	1.65	11	0.00	-	0.00	-
Noncontract Vacancy Management	1.40	19	0.00	-	0.00	-
Food Services Efficiencies	1.51	40	(0.06)	-	0.00	-
Obsolete Facility Closure - Gorge Road Hospital	4.53	62	1.37	18	0.00	-
Administrative Support Restructuring	1.00	16	0.54	7	0.00	-
Partial Absorption of Union Contract Increases	6.10	81				
Compensation Management	3.00	50	2.00	33	0.00	-
Contracting Out Support Services	2.76	37	5.24	70	1.45	19
Materiel Management Efficiencies	0.33	-	1.43	-	0.77	-
Sub-Total: Redesign Strategies	42.53	530	17.47	145	3.62	27
BMP Budgeted Surplus (Deficit)	**(0.00)**	**530**	**(0.00)**	**145**	**0.00**	**27**

2.0 Acute

2.1 Lab Services Repatriation

DESCRIPTION:
The 02/03 Redesign Plan contained an initiative intended to increase market share for laboratory testing within VIHA. It involved two key strategies 1) repatriating lab testing now directed outside of VIHA facilities, and 2) expanding customer base by increasing satellite collection stations in urban centers. This initiative has begun and has been combined with the initiative entitled "Consolidation and Restructuring of Lab Services" due to the interconnected nature of the initiatives.

2.2 Lab Consolidation and Revenues (Consolidation and Restructuring of Lab Services (02/03 title))

DESCRIPTION:
The 02/03 Redesign Plan included an initiative to consolidate lab services within VIHA to find operating efficiencies. These efficiencies were to be realized through reductions in contract service fees, automated laboratory testing and point-of-care testing technology. For 03/04, revenue increases planned with the repatriation of lab testing as described above, have been combined with this initiative for a combined target under a new title "Lab Consolidation and Revenues."

BACKGROUND/RATIONALE:
With the formation of VIHA, there was an opportunity to consolidate laboratory testing across all service delivery areas to improve efficiencies. Efficiencies can be realized by optimizing volume allocations, by standardizing testing and products (equipment, service contracts, and consumables) as well as by consolidating testing. In addition increased revenues can be achieved through the repatriation of lab testing that is currently sent over to the mainland. Island wide strategies to move to standardization and consolidation will help ensure a more consistent and improved quality standard VIHA wide

In 02/03 a high volume automated lab was installed at the Royal Jubilee Hospital (RJH). As a result diagnostic turnaround times have improved. So has patient safety (reduced errors) and staff safety (reduced handling of specimens). Cost per test has been reduced. The number of people served on outpatient basis has increased significantly due to improved access and service delivery. Tests that previously were done on the lower mainland for Duncan and Nanaimo are now being done at RJH.

The installation of a new state of the art high volume robotics laboratory system has greatly enhanced core lab operating efficiencies and has increased our capacity to effectively cope with Island demand.

IMPACTS:
Patient care will improve as a result of these measures. Staff impacts will involve some movement between facilities and displacement.

Financial Impact ($millions)	2003/04	2004/05	2005/06
Lab Services Repatriation (02/03 Plan)	(0.12)	1.40	n/a
Consolidation and Restructuring of Lab Services (02/03 Plan)	0.84	0.15	n/a
Total Lab Consolidation and Revenues (03/04 Plan)	0.72	1.55	n/a

RISKS:
Risks associated with increased revenue projections are high with the pending provincial lab reform decisions. The mitigation plan will involve looking at further consolidations of lab services to find efficiencies.

ENABLERS:
Island wide collaboration to standardize lab equipment, service contracts and consumables and to consolidate where possible is ongoing. These changes will also require seamless operating systems supported by investments in information technology.

Potential changes to the structure of lab services in the province may require significant revisions to this plan.

NEXT STEPS:	**TIMETABLE**
Finalize Repatriation of Lab Testing for Center/North	
• West Coast General	Jul 03
• Campbell River	Jul 03
Repatriate Additional Testing for all VIHA	Fall 03
Reagent and Quality Control Standardization	Feb 03
Negotiate New Price Structure with Vendors for VIHA	Fall 03

2.3 Pharmacy Drug Utilization

DESCRIPTION:
This is the second year of a three-year initiative to reduce hospital medication costs in the Central Island. In the first year of the plan, initiatives focussed on moving from intravenous to oral antibiotic treatment for people, on an outpatient basis, at West Coast General, Cowichan Valley Regional Hospital and Nanaimo Regional Hospital. The second year of this initiative will focus on holding the gains from last year and continuing to reduce both direct medication costs and indirect costs. A key component to the 03/04 plan will be the introduction of clinical pharmacist specialists to provide additional clinical information and education to physicians and other clinicians.

BACKGROUND/RATIONALE:
The Nanaimo Regional General Hospital spent $3,500 per acute bed in 2001/02 for drug costs as compared to peer hospitals that spend on average $1,400. Thus there is significant savings potential. In addition to cost issues, inappropriate utilization of antibiotics is known to contribute to the development of anti-microbial resistance organisms within facilities. The hospital pharmacist role has been shown to have a significant impact on drug utilization and medication costs and appropriateness.

IMPACTS:
These changes will have a positive impact on hospital patients in the Central area particularly where change in drug use enables people to be treated on an outpatient basis. Practices at residential care facilities that are supplied by the hospitals such as Dufferin, Cainsmore and Cowichan Lodge will also be improved.

Financial Impact ($millions)	2003/04	2004/05	2005/06
Pharmacy Drug Utilization	0.20	0.00	n/a

RISKS:
Risks of not achieving objectives are low to medium. Efforts to recruit a Clinical Specialist have been unsuccessful over the past three months.

ENABLERS:
A VIHA wide process for additions to formulary is needed to begin standardization of hospital pharmaceuticals.

NEXT STEPS:	TIMETABLE
Establish a common formulary for Central Island hospitals	Nov 03
Reduce the Pharmacy supply and inventory for non-formulary medications.	Dec 03

2.4 Restructuring Acute - North

DESCRIPTION:
This is the second year of a three-year initiative to redesign acute services in the Mount Waddington and Campbell River/Comox area to best meet the needs of the community within the financial and human resource constraints.

Several changes were made to the service delivery system in 02/03 for the Mount Waddington area following a review and consultation with the community. These included the conversion of Port Alice to a Diagnostic and Treatment Centre, the addition of detoxification beds at Port Hardy and identification of the need to strengthen primary care services in the area. In a parallel initiative, day surgery from the Cumberland Health Centre was transferred to St. Josephs Hospital in Comox. Changes were also made to the Tahsis Health Centre due to reductions in Medical Services Plan funding that limited the hours of physician on-site coverage.

Phase II of the North Island Acute Care Review involving Campbell River and Comox is near complete. It is not expected that savings will be identified as a result of this process. The objective is to identify the appropriate configuration of services between Campbell River and St. Joseph Hospitals to meet resident need, ensure physician availability and sustain quality of care.

The total savings target for the North in 03/04 is comprised of the target established in 02/03 and an additional amount that represents the absorption of un-funded union contract increases. The 02/03 incremental savings will be achieved through the annualised savings associated with changes previously made.

To achieve the savings target identified in the 03/04 Redesign Plan, the approach will be to build on the work being done to develop a primary care collaborative for the area that includes physicians, and VIHA programs such as Mental Health and Addiction and Child/Youth and Maternal. Mental Health and Addiction Services are expanding to better meet the needs of those with substance abuse issues in the community by establishing a mobile clinical treatment team, rehabilitation and social supports. This collaborative will have a strong focus on aboriginal health and service needs.

With the above measures the utilization of acute care services should come closer to the VIHA target rate and enable further reductions to inpatient bed capacity in the area. This work will also dovetail with plans for improved Aboriginal Health services in the region to inform aboriginal communities about the variety of care options that are, or will soon be available, and thereby reduce reliance on hospitals. Aboriginal liaison staff have also been hired to facilitate discharge planning, community and staff education.

BACKGROUND/RATIONALE:
The North service delivery area includes the communities from Cumberland north and part of the Central coast. The area has a population of 112,000 people who receive acute services from three diagnostic and treatment centres, five hospitals, and a Red Cross outpost station. The north has the highest percent of population that are Aboriginal in VIHA (approximately 17%).

Excess capacity exists within many of these sites due to the declining population and the remoteness of some areas. This remoteness has also made it difficult to attract and retain staff and physicians. These shortages often result in sporadic availability of services. The intermittent nature can be problematic where the volume of service is required to achieve quality standards.

Residents from this area use hospital services at a much higher rate than the provincial average and higher than the target rates established by VIHA in 02/03 (650 days per 1,000). This is caused by a number of factors, including the fact that there are fewer health care options in this area than there are in urban areas such as community-based services and a strong primary care system. It indicates that a more sustainable delivery model is required. The elimination of inpatient beds at Port Alice in 02/03 will bring the utilization rates down closer to the target, however there are more efficiencies to be gained.

IMPACTS:
To date, approximately $570,000 has been saved as result of changes to acute care services in the North Island. The impacts on staff, physicians and ambulance services for future changes cannot be determined at this time. The public should not be adversely impacted and in many cases will receive more appropriate care.

($millions)	2003/04	2004/05	2005/06
Restructuring Acute Care - North (02/03 Plan)	0.36	0.01	n/a
Partial Absorption of Contract Increases (03/04 Plan)	0.42	0.00	0.00
Total Impact North Island Acute	0.78	0.01	0.00

RISKS:
The risks of achieving financial objectives in the North Island are medium. The North Island has undergone significant study and change in the past year and these additional financial savings targets may create community fatigue. Collaboration with physicians, staff and community leaders will be key to successful implementation of service changes.

ENABLERS:
Collaboration with physicians, staff and community leaders will be key to successful implementation of service changes.

NEXT STEPS:	**TIMETABLE**
Completion of Phase II planning process	Done
Implementation of Committee recommendations	Sep 03
Finalize Plan for Acute Care changes in North Island	Sep 03
Communication with Stakeholders	Oct/Nov 03
Implement Savings Initiatives	Dec 03

2.5 Restructuring Acute - Central

DESCRIPTION:
In 02/03 the Redesign plan included a three-year initiative to reconfigure acute services in Central Island with a strong linkage to the development of primary care services and residential care/assisted living. In addition, this past year urgent care hours of service at Chemainus Health Centre and Ladysmith Hospital were reduced and a number of internal efficiencies were identified at West Coast General.

For 03/04 the savings required includes the 02/03 target and an additional amount stemming from un-funded contract increases. These savings will be identified through a number of initiatives including: small reductions to intensive care service capacity at Nanaimo General and reductions to the palliative care budget. In addition, and in keeping with the plan to transition the Ladysmith Hospital to a primary care centre, the operating room at Ladysmith will be closed and services redirected to Nanaimo one year earlier than anticipated. Some of these measures may be temporary for 03/04 while a review is conducted in Central Island that looks at the roles of Cowichan, Nanaimo, West Coast and Tofino hospitals. This review will complement a regional Surgical Services Review that will begin in September to establish a regional network of integrated surgical services.

BACKGROUND/RATIONALE:

The Central Health Service delivery area includes communities from South Tofino to Duncan. For the population of 242,000 VIHA provides acute services from five hospitals and one health care centre. VIHA is pursuing a service delivery model for the Central island that includes local delivery of an appropriate core set of services to meet the majority of the health needs of the local population and a regional network to provide certain specialty services in key locations. The specific organization of these services will be dependent on many factors including the availability of funding and qualified staff and physicians. Such a system would permit the appropriate utilization of both acute, home and community care services.

At present, utilization of acute care services within the Central region is highly varied. For instance, the weighted cases rate for Ladysmith (LHA 67) in 2001/02, as a percent of the BC average was 125, in Cowichan (LHA 66) it was 106, in Nanaimo (LHA 68) it was 101, Qualicum it was 85 (LHA 69) and Alberni (LHA 70) it was 119.[1] Also, there are high cost services under-utilized such as intensive care. In areas of high utilization, more efficient alternatives to acute service are required such as multilevel care (MLC) and enhanced primary care. Ideally these initiatives will create opportunities to downsize costly hospital capacity while continuing to provide appropriate access to necessary services.

In Central Island current intensive care capacity is not being fully utilized. Temporary reductions in these speciality services have been made awaiting island wide decisions for surgical and critical care.

Planning work for the redevelopment of Ladysmith Hospital to a Primary Care Centre and the development of a multi-level care facility to provide more appropriate long-term care to residents continues. The new MLC facility will be built as a public private partnership with an expanded day care centre with programs for the frail elderly, including respite care.

IMPACTS:

There was considerable public opposition to the reduced operating hours for Chemainus and Ladysmith Urgent Care centres in 02/03, however there have been no care incidents as a result of changes implemented. The proposed changes for 03/04 will have a more pronounced impact on staff and the public. The consolidation of surgical services will

[1] PURRFECT Version 8.0

improve the quality of care by providing an environment that will assist in attracting and retaining appropriately trained professionals. There may be some impact on ambulance services as a result of the surgical services review recommendations.

Financial Impact ($millions)	2003/04	2004/05	2005/06
Restructuring Acute - Central (02/03 Plan)	0.20	0.99	n/a
Partial Absorption of Contract Increase (03/04 Plan)	1.42	0.00	0.00
Total Financial Impact Central Island Acute	1.62	0.99	0.00

RISKS:
The risks of achieving financial and care objectives in the Central Island are low to medium. A well-managed process of utilization review and community and staff consultation should mitigate risks.

ENABLERS:
n/a.

NEXT STEPS:	TIMETABLE
Implement temporary measures	Aug 03
Review facility roles	Nov 03
Consultation with community	Dec 03/Jan 04
Implementation of changes	Feb 04

2.6 Restructuring Acute - South

DESCRIPTION:
This is the second year of a three-year initiative to restructure acute care services in the South Island between Royal Jubilee, Victoria General, Saanich Peninsula and Gorge Road Hospitals. The aim of this restructuring has been to find efficiencies in the delivery of tertiary and some secondary services while maintaining service volumes as much as possible and improving the quality of care.

The Redesign Plan in 02/03 called for a complex and interwoven series of consolidations that included the reduction of bed capacity in line with the availability of human resources and the implementation of new management processes that involved adopting new standards of care and monitoring compliance with standards.

For 03/04, savings are comprised of the incremental target established in the 02/03 plan and a new financial target related to the un-funded union contract increase. A Clinical Efficiencies savings target established last year has also been rolled into the total target to avoid double counting.

The total savings target for 03/04 will be realized through a number of actions that build on the prior year's initiatives. Acute hospitals will continue to be reconfigured as identified in the 02/03 Redesign Plan. In addition, surgical activity will be reduced at the Royal Jubilee and the Victoria General Hospitals every fifth Friday, at alternating sites, equivalent to weekend service levels. These days will be identified in collaboration with other acute sites. This change will impact the full spectrum of surgical services, the operating rooms, post anaesthetic recovery, central processing and inpatient beds. Inpatient surgical beds will be closed while some additional resources will be directed towards short stay beds. Because of the surgical reductions, as well as improvements made to telemetry and cardiac short stay, eight critical care beds will also be closed and diagnostic services should see a reduction in service demands.

To complement these strategies, a number of new measures are being taken to mitigate the impact of inpatient capacity reductions. For example, a process redesign is underway to address the percentage of patients in hospital that no longer require acute care. This is a joint initiative of the acute and community sectors to identify and resolve barriers to hospital discharge. A pilot project at Saanich Peninsula is testing the value of having a specialized team of geriatricians in the Emergency Departments to assess elderly patients presenting at emergency in order to prevent these patients from being admitted to hospital.

A number of initiatives within the mental health services have also helped to alleviate acute care pressures and enable service reductions such as improvements in how clients access services and more community based services to maintain people safely at home. Planning for a dedicated Psychiatric Emergency centre is underway with thanks to incredible support from community residents.

BACKGROUND/RATIONALE:
The South Island includes the area south of the Malahat and includes the Gulf Islands. Acute care services are provided to the 346,000 residents primarily from four acute care sites. The South Island also provides many tertiary services to the rest of the region.

Consolidation of tertiary services at the Royal Jubilee site was envisioned in the 2000 Regional Services Plan for the former Capital Health Region. Consolidation provides economies of scale, opportunities for staffing/physician efficiencies, particularly with specialty trained nurses, opportunities to create centres of excellence to improve quality of care and as a result, an improved work environment for staff and physicians.

This past year cardiac, respiratory and oncology services were consolidated at the Royal Jubilee and maternity was consolidated at VGH. Saanich Peninsula saw the conversion of resources from inpatient to outpatient surgery and the development of a 10- bed palliative care unit. A total of 44 beds were closed although 16 have been re-opened temporarily due to renovation delays and difficulties with patient flow through the hospital.

While acute medical utilization in the South Island is below the provincial average it is still approximately 100 days per 1000 population above VIHA targets for large urban areas (550 Acute/Rehab days per 1000 population). Data from 2001 indicates a difference of two days between the expected length of stay and the actual length of stay for all clinical case groups in the south. The patients most likely to stay longer than expected include mental health, rehabilitation and surgical patients.

Longer than expected length of stay compared to the previous year is attributed to a number of process issues including inter-site transfers to hospitals up island, and delays in discharge planning. Core surgical services are looking at a variety of methods to improve patient readiness for hospital to reduce length of stay. One of the key strategies this year is to improve patient education material on the web so that patients know their expected length of stay in hospital and are therefore in a better position to plan their discharge.

IMPACTS:
There will be impacts on staff and physicians as a result of these changes. Nursing staff will be displaced and limitations to surgical bookings will require changes in physician practise. There will be a decrease in surgical caseloads over last year and an increase in wait time for surgery if utilization efficiencies are not as successful as anticipated. Surgical inpatients increased this past year by 4% over 01/02. An island-wide Surgical Services review is underway to review utilization and waitlists and build a network of surgical services that is sustainable.

	2003/04	2004/05	2005/06
Restructuring Acute Care - South (02/03 Plan)	1.58	0.07	n/a
Partial Absorption of Contract Increases (03/04 Plan)	3.28	0.00	0.00
Total Financial Impact	4.86	0.07	0.00

RISKS:
The risk of achieving the financial objective is high. Reduction in high profile services will be controversial. Political and patient care issues may cause the plan to change. A strong communication plan to manage public expectations for services and the involvement of physicians and surgeons in implementing changes will be key to success.

ENABLERS:
n/a

NEXT STEPS:	**TIMETABLE**
Review and Implement Recommendations of Process Re-design in South Island	Jul 03
Communication with Stakeholders	Aug 03
Implement Surgical and Critical Care Patient Flow Changes	Aug 03
Review Decision in Context of Regional Surgical Review	TBD

2.7 Paramedical Efficiencies

DESCRIPTION:
In the 02/03 Redesign Plan an initiative was identified to downsize the number of paramedical positions within VIHA by approximately 40 staff. Paramedical positions include professions such as social worker, nutritionists, psychologists, rehabilitation and occupational therapy. These reductions did occur and the annualisation of savings associated with the prior year FTE reductions will be realized in 03/04.

BACKGROUND/RATIONALE:
In VIHA there are 30 different allied health/paramedical disciplines. A target of 1.5% FTE reduction for this group was established in 02/03 in keeping with service reductions and reconfigurations in the acute sector during the same year. A benchmarking review was conducted to identify areas within the organization that had a proportionately high number of paramedical FTE's relative to other health care organizations. The reductions were implemented partially on the basis of this review and local experience. Positions were eliminated largely in the south island and mainly through vacancy management and voluntary severance, although several FTEs were involuntarily displaced.

It also recognized that savings potential exists within the hierarchy of paramedical professions through the consolidation of union certifications. The hierarchy issues have not yet been resolved with the unions. Programs will be pursuing these changes on a program-by-program basis over the next few years.

IMPACTS:
No further impact on services or FTE reductions are anticipated at this time.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Paramedical Efficiencies	1.50	0.00	n/a

RISKS:
n/a. Implementation is complete.

ENABLERS:
Continued discussions with the unions to address the inefficiencies associated with the paramedical hierarchy would provide additional savings.

NEXT STEPS: **TIMETABLE**
Continued Discussions with Allied Health Unions within Programs. Ongoing

2.8 General Clinical Efficiencies

DESCRIPTION:
This initiative was identified in 02/03 - 04/05 Redesign Plan with a $3.0 million saving target for 03/04. In its original form, the plan was to achieve savings by shifting more

inpatient to outpatient surgery and expanding the use of preoperative testing. Due to the need to plan and implement these types of changes in conjunction with other initiatives within the acute sector, these methods have become an integral part of the plans described within the Acute Care Restructuring - South.

2.9 Surgical Booking Redesign - South Island

DESCRIPTION:
The purpose of this initiative is to improve and streamline the operating room booking and preadmission booking process in the South Island. This initiative includes Royal Jubilee and Victoria General Hospitals and the booking processes from the point when a patient decides that the surgical treatment indicated is necessary to when the surgery is performed. Also included is the ordering process for instruments and supplies.

BACKGROUND/RATIONALE:
The need to review booking processes was identified in 2001 during the non-nursing duties initiative. Initiatives to look at access to Diagnostics and Rehab were conducted earlier and the implementation of changes is underway. Most recently the OR Booking processes were studied using a Lean Design Methodology wherein staff and caregivers reviewed the processes in detail to identify non-value added steps in the process. The process redesign and restructuring is expected to result in financial savings through workforce reductions and improved use of existing information technology to automate manual systems.

This initiative will integrate with VIHA's surgical review services network planning activity and will assist the Health Authority in moving towards more coordinated case prioritisation and waitlist management.

IMPACTS:
Improved patient satisfaction and responsiveness of services to need is anticipated. Approximately 6 FTE staff will be displaced as result of these changes.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Surgical Booking Redesign	0.30	0.20	0.50

RISKS:
There is little risk associated with this initiative.

ENABLERS:
A collaborative partnership with the Department of Surgery, Anaesthesiology and Department of Family Practise will be critical to changing processes outside the organization including the improvements in the flow of information between surgeons and general practitioners.

NEXT STEPS:	**TIMETABLE**
Identify Information System requirements	Oct 03
Process Redesign	Oct 03
Phased Implementation	Nov 03 - Mar 04

2.10 Professional Staff Mix

DESCRIPTION:
This initiative is intended to reduce inconsistencies in the mix of licensed and unlicensed care providers in VIHA in acute and residential care while maintaining a high quality of care.

BACKGROUND/RATIONALE:
There are inconsistencies in the use of licensed (nurses - RN, LPN, RPN) and unlicensed care providers across the Vancouver Island Health Authority. A review of nursing and paramedical staff mix options will result in efficiencies through the redesign of care delivery and staff-mix models used throughout the VIHA. Appropriately trained and geographically located professional staff will be scarce in the near term. New care models must be assessed to sustain services in this environment.

There has been recent interest in examining the use of assisting personnel for nursing, rehabilitation disciplines and pharmacy. Information provided by key industry contacts suggests staff mix models in place at major hospitals across Canada include the use of all RN staff while others use combinations of RNs, LPNs, unregulated care providers and/or workers performing non-clinical functions. Across the country, the trend in health care is to increase the use and scope of duties for LPNs and unit based service aides (who may or may not participate in direct care activities). This trend has been driven by financial agendas as well as recognition of the need to support efforts to reduce the amount of time professional staff spend doing non-professional duties or duties able to be performed safely by assisting personnel at a lesser cost.

IMPACTS:
This initiative has the potential to increase job satisfaction by enabling health care professionals to practise to their full scope while providing a partial answer to the current and increasing labour shortages, and provides potential to deliver immediate direct cost savings. The greatest impact will likely be in acute care.

Changes in the professional staff mix must be carefully planned and implemented to avoid negative impacts to patients and care outcomes. As well, there may be organizational and human resource costs associated with changing staffing models.

Financial Impact ($millions)	2003/04	2004/05	2005/06
Professional Staff Mix	0.00	1.00	0.00

RISKS:
The risk associated with this initiative is medium to low. A collaborative process will be used involving staff, RNABC, BCNU and program managers. There is a potential financial risk associated with the timing of implementation.

ENABLERS:
Progress towards this initiative will be enabled by the full implementation of changes to the Front Line Leadership roles and having these leaders in place.

NEXT STEPS:	**TIMETABLE**
Develop Decision Tools	Aug 03
Pilot Tools in Stages by Program (South and Central)	Nov 03
Implementation	TBD - dependent on Front Line Leaders being in place.

3.0 Home and Community Care - Residential

3.1 Resident Fees for Preferred Accommodation

Originated in 02/03 Redesign Plan. Cancelled for 03/04 due to smaller than anticipated potential revenue and policy challenges.

3.2 Restructuring - Community Care - Residential

DESCRIPTION:

This is the second year of a three-year plan to redesign the home and community care system from one that is heavily focused on facility care to one that promotes independence and self-care through an increased range of community alternatives in the South Island. For 03/04 this "initiative" has a much broader scope incorporating the network of residential and community care (including housing) and services for the entire region. It also incorporates a larger savings target than established in the 02/03 Redesign Plan to include the partial absorption of un-funded union contract increases.

BACKGROUND/RATIONALE:

The Ministry of Health performance expectations of Health Authorities includes a requirement to increase the percentage of high-care needs clients living in their own home. Furthermore, input from clients and families over the past several years has indicated their desire to have more options for community care including assisted living, adult day care and respite as preferred alternatives to facility care[2]. These options enable people to remain more independent, for a longer period. The added benefit of this model is that services can be less costly on a per/person basis therefore enable more people to have access to services.

In the 02/03 - 04/05 Redesign Plan, VIHA planned to convert the current inventory of 3,050 residential care beds in South Island to 2,130 complex care beds and 1,100 supportive living units. This model involved ensuring only those clients with the most complex care needs would require facility placement and services are provided at the margin of need. The conversion included the closure of Gorge Road extended care, Kenning Watson and Bay Pavilion on the Royal Jubilee Hospital site. Also involved are renovations to a number of affiliated facilities to upgrade them to complex care standards.

As a result of additional budget pressures, delays in the conversion of extended care beds to complex care beds, provincial policy changes that have increased the costs of assisted living, greater than anticipated utilization of home support hours in the assisted living environments and considerations of the population needs for the entire region, the 02/03 plan is changing. VIHA is currently looking at different options that adjust the ratio of complex care to assisted living to best meet the financial constraints and the needs of the aging population. These options will also look at the relative needs for services throughout the region.

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[2] "Community for Life Report", 1999, Province of British Columbia, Ministry of Health.

In addition, a series of complementary initiatives to alleviate pressures on acute care are being planned. These include additional measures in emergency to prevent inappropriate acute care admissions of the elderly and enhanced geriatric services to the frail elderly in acute care. These enhanced services are intended to better identify elderly people in acute care who are able to manage independently or with supports at home and provide additional rehabilitation therapy to speed recovery.

IMPACTS:
To date, 145 assisted living units have been opened throughout the region. Operating funding has been reallocated within VIHA's budget to fund an additional 75 beds at the new Mount St. Mary facility as well as several other affiliate facilities to care for residents with higher care needs. The closure of Kenning Watson and Bay Pavilion in the South Island is complete and the closure of the Gorge extended care is progressing. Residents have been successfully transferred to assisted-living, complex care facilities or group homes. Future impacts on staff and clients cannot be determined at this time.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Restructuring - Community Care - Residential (02/03 Plan)	(1.61)	0.28	n/a
Partial Absorption of Contract Increases (03/04 Plan)	8.89	1.40	0.00
Total	7.28	1.68	0.00

RISKS:
Cannot be determined at this time.

ENABLERS:
The transition period to fully redesign the system will take approximately 5 years. To enable this transition, additional capacity must be put into the system to create the flexibility. Without this capacity, services will have to be reduced temporarily so that operating dollars can be shifted towards the new model. This would put a strain on the entire health care system.

The Ministry of Health has provided VIHA with four million dollars in transition funding for a one-year period, however this is not sufficient as capital projects generally take 3 - 5 years to complete. This is of particular concern in the Central and North Island where opportunities for facility conversion and development of assisted living options are limited and the turnover rates of residents is very low (particularly in the North). These areas will require new facilities to be purpose built.

NEXT STEPS:	**TIMETABLE**
Proceed with Development of Projects Already in Planning.	Under-way
Finalize Revised Planning Option That Will be Used with Ministry of Health.	Jul 03
Revise Implementation Plan	Sep 03

3.3 Affiliate Overhead Cost Reductions

DESCRIPTION:
This initiative involves savings to be realized through a reduction in the administrative and support costs of contracted residential care facilities.

BACKGROUND/RATIONALE:
VIHA has approximately 40 contracted residential care facilities region wide. In the South Island alone total funding allocated to these facilities totalled $85.1 million. Within these facilities approximately $5.6 million dollars are spent on administration and management. Currently the total actual administrative staffing complement for some of these facilities is in excess of funding guidelines for administration. While questions have been raised regarding the appropriateness of these guidelines, there is sufficient variation between these facilities (some meet the guidelines while others are significantly above) to suggest there are improvements to be made.

IMPACTS:
Resident care will not be compromised. There will be staff displacements associated with this initiative in management, financial support, clerical support, human resources management etc.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Administrative Overhead Reductions within Affiliates	0.19	0.56	0.00

RISKS:
This is low risk for 2003/04. The risk increases modestly in 2004/05 because of potential industry opposition to any new funding model

ENABLERS:
The development of standardized and realistic rates for facility funding is required. This approach is consistent with recent Ministry directions to Health Authorities regarding savings affiliates may realize as a result of Bill 29 savings.

NEXT STEPS:	**TIMETABLE**
Apply 03/04 Target to the 03/04 Funding Allocation	Jul 03
Formulate and Complete a Project for a New Funding Allocation Model	Dec 03
Implement New Model	Apr 04

4.0 Home and Community Care - Community

4.1 Restructuring - Community Care - Community - South

DESCRIPTION:
This is the second year of three-year plan to find efficiencies in the home support program through consolidation of services to fewer contracted agencies and the improved coordination and scheduling of home support staff in apartments where a number of clients reside ("clustering").

During 02/03 the home support contracts in the South Island were re-tendered. As a result the number of contracted home support agencies in the South Island was reduced from 6 to 3 and savings in administrative overhead were realized effective July 1, 2003. Further investigation into the savings potential from "clustering" services indicates little opportunity for efficiencies with the introduction of Assisted Living, therefore, this phase of the initiative will not be pursued. The new target for 03/04 will be achieved through the reduction in home support hours at the lowest levels of care (100% Personal Care and 50% Intermediate Care Level 1) consistent with provincial policy. Services to clients in Assisted Living will also be reduced where levels exceed original guidelines.

At this time, these changes are intended for the South Island only. A review will be conducted of home support utilization in the Central and North Island with a view to ensuring geographic equity in the application of service policy.

BACKGROUND/RATIONALE:
Ministry of Health performance requires Health Authorities are to increase home support hours for high needs clients to reduce need for facility placement and hospital care. The direction also includes reduction of services to clients who are best able to manage without VIHA supports. This change will bring home support service utilization within VIHA closer to the provincial average hours per client for these care levels.

The home support hours that are being implemented for Assisted Living units exceed the original planning model and exceed what individuals at the same care level living in a private home receives. This situation has evolved because the model is new in the Province and is thus in a process of development and refinement.

IMPACT:
Approximately 250 people will be impacted in the South Island, the majority of whom are at the IC1 level. Some research has indicated that the reduction of preventive supports may cause faster deterioration of clients however, these studies have not been widely endorsed. Furthermore, the risk of reducing services at higher levels versus at lower levels is greater for clients and the system.

Financial Impact ($millions)	2003/04	2004/05	2005/06
Restructuring Community Care South - (Home Support Savings)	1.50	0.00	n/a

RISKS:
The risk associated with this initiative is medium to high. Victoria has strong advocacy groups for the disabled and seniors. A strong communication plan to clients and physicians will be needed to address concerns.

ENABLERS:
There will be implementation costs associated with reassessments of affected clients.

NEXT STEPS:	TIMETABLE
Conduct Review of Client's Needs at Lower Care Levels and within Assisted Living	Sept to Nov 2003
Determine Service Reductions	Nov 2003
Communicate	Nov 2003
Implement	Jan 2004

5.0 Corporate

5.1 Cost Recovery for Non-Insured Services/Hospital Fees for Non-Beneficiaries

DESCRIPTION:
Cost Recovery for Non-Insured Services was identified in the 02/03- 04/05 Redesign Plan. The target was fully achieved through the standardization of per diem rates of hospital services to non-insured patients (eg. Out of Country). An additional revenue target for 03/04 has been established following the standardization of per diem rates provincially.

BACKGROUND/RATIONALE:
With the amalgamation of VIHA in December 2001, the opportunity existed to standardize rates charged to non-residents for hospital services. For 02/03 this involved adopting the South and North Island rates. The resultant change for Central Island provided a net increase in revenues.

Subsequent to this, health authorities have agreed to standardize rates between health authorities. This has resulted in a further increase of $400 per day for a hospital stay for non-insured residents.

IMPACT:
Non-Canadian visitors will pay more for health services.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Hospital Fees for Non-Beneficiaries	0.50	0.15	0.10

RISKS:
There are no risks associated with this initiative, as implementation is complete.

ENABLERS:
Revenues included in this initiative fall into Category I of the Ministry of Health classification system for hospital based revenue generation.

NEXT STEPS:
None. New rates established.

5.2 Retail Food Outlet

DESCRIPTION:
This is the second year of a three-year initiative to establish retail food outlets on VIHA sites to generate revenue that can be directed toward health services. During the past year VIHA has also begun work on a broader Retail Strategy. The food outlet has been incorporated into this strategy. See initiative entitled "Retail Initiatives".

5.3 Hospital Based Revenue Generation - Category II

DESCRIPTION:
This initiative includes increased revenues through a variety of opportunities to charge for services not covered under the Canada Health Act and the BC Medical Insurance Program. Category II types of revenue generation (Ministry of Health Classification System) involve enhanced services provided to augment insured hospital services, new outpatient revenues, new screening programs and elective services to non-Canadians.

These opportunities will be implemented on a case-by-case basis to test our ability to address the salient issues. One of the first test cases in VIHA will be Laparoscopic Adjustable Gastric Band Gastroplasty (LAGB). Other options will be pursued including colonoscopy screening in asymptomatic adults.

BACKGROUND/RATIONALE:
There are many circumstances in the delivery of health services where it may be possible to offer a higher quality of product or service than contemporary standards of care require and where clients are willing to pay a premium to receive the enhanced product or service. Our current system is relatively adept in realizing revenue for some of these items and much less effective with other items.

Presently malabsorptive surgeries (Roux-en-Y) and restrictive surgeries (stomach stapling, and fixed gastric banding) are offered. The LAGB is an expansion of the gastric surgical program, restrictive surgeries and was developed to allow for modification of the opening between an upper and lower stomach.

There will be no impact on the hospital's ability to respond to insured services. Patients who are willing to pay for the enhanced services will benefit. The following financial impact is based on estimates for LAGB procedures only.

($millions)	2003/04	2004/05	2005/06
Hospital Based Revenue Generation - Category II	0.25	0.25	0.50

RISKS:
The financial risk assessment of this initiative is high as there is high variability in the practises amongst health authorities and there are few defined standards of care that are accepted industry wide. The impact of this risk is low however and VIHA will continue to pursue a number of other revenue generating options.

ENABLERS:

This type of revenue generation has been enabled by Ministry of Health policy that established three levels of revenue generation. Ministry approval will be required for all category II revenue generation initiatives.

NEXT STEPS:	**TIMETABLE**
Establish Internal Assessment Process for Reviewing New Initiatives.	Done
Obtain Ministry Approval for LAGB Charging	In process
Commence Assessment Process for New initiatives	Aug 03

5.4 Retail Initiatives

DESCRIPTION:
VIHA is developing a Retail Strategy to determine retail opportunities at VIHA service sites and the appropriate merchandising mix. This includes the retail bistro food outlet noted in the 02/03 Redesign Plan.

BACKGROUND/RATIONALE:
The number of people who visit VIHA hospitals per day is significant. For example at the Royal Jubilee Hospital approximately three to four thousand people visit the site each weekday (this includes staff). These visitors and staff could benefit from the convenience of having retail outlets at many of our sites.

IMPACTS:
To be determined once the strategy has been completed. The following financial impact is projected for a single retail food outlet only.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Retail Initiatives	0.05	0.00	n/a

RISKS:
The risks assessment of this initiative is low.

ENABLERS:
n/a.

NEXT STEPS:	**TIMETABLE**
Complete the Retail Strategy	Sep 03
Award Retail Food Outlets at RJH and VGH	Nov 03
Negotiate Relationships with Auxiliaries and Foundations	Nov 03

5.5 Business Development

DESCRIPTION:
This initiative involves a variety of opportunities that are currently being explored to generate revenue. Opportunities fall into three main streams: goods and services; equipment, land and buildings; and strategic initiatives.

BACKGROUND/RATIONALE:
Across the country health authorities and hospitals have ventured into new types of business arrangements with the private sector to generate revenue to finance operations or capital. Initiatives currently underway in planning include:

- An exclusivity agreement with a beverage vendor (e.g. Pepsi, Coca Cola) at all VIHA sites
- Expanding advertising
- Enhanced amenities that include telephone, television and possibly a daily newspaper to patients at a package rate (value added service) and generates revenue for VIHA
- A parking revenue strategy
- Increase rates for room revenue

IMPACTS:
Increases in net revenues in an environment of funding shortfalls can only have a positive impact on direct services. Based on previous experience there will be initial public and staff response to increases in fees or amenities costs, particularly for parking. A provision in the HEU Collective Agreement limits the parking rates charged to HEU members.

	2003/04	2004/05	2005/06
Business Development	0.50	0.50	0.30

RISKS:
The political risk associated with these initiatives is medium. Based on previous experience there will be initial public and staff response to increases in fees or amenities costs, particularly for parking. A provision in the HEU Collective Agreement limits the parking rates charged to HEU members. A strong communications plan should promote understanding of the benefits of revenue generation.

ENABLERS:
Revenue initiatives will be developed and implemented in accordance with the Corporate Policy for Revenue Development Initiatives *(under development)* and the Policy and Framework for Revenue Generating Initiatives. Business cases will be developed for each initiative to ensure that legal, ethical and cost/benefit criteria are addressed.

NEXT STEPS:	TIMETABLE
Implement Enhanced Amenities at Nanaimo and Campbell River	Oct 03
Implement Advertising Strategy	Sep 03
Implement Vending Strategy	Nov 03
Complete Parking Revenue Strategy	Dec 03

5.6 Downsizing Non-Contract Staff/Vacancy Management

DESCRIPTION:
The 02/03 Redesign Plan called for a reduction to the number of non-contract staff within VIHA. In 02/03 39 FTE non-contract staff left the organization through early retirement. This met the FTE target but did not meet the financial target. Future reductions will be in targeted areas and will be done through vacancy management.

BACKGROUND/RATIONALE:
As of November 2002 the organization had approximately 575 non-contract FTEs. One of the objectives of amalgamating health societies in 2001 was to reduce the number of administrative positions including those in leadership roles. While a number of positions have been eliminated as a result of restructuring, new positions have been hired to lead new programs for priority areas such as Mental Health and Aboriginal Health.

IMPACTS:
Non-contract positions will be reduced as they become vacant.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Downsizing Non-Contract (02/03 Plan)	1.65	0.00	n/a
Non-Contract Vacancy Management (03/04 Plan)	1.40	0.00	0.00
Total Downsizing Non-Contract	3.05	0.00	0.00

RISKS:
There are financial risk and care risks associated with this initiative in that too few non-contract staff will have an impact on our ability to further strategic priorities or continue operations in event of strike action. These risks should be mitigated through careful consideration of which positions to eliminate.

ENABLERS:
n/a

NEXT STEPS:
Internal process to control the posting of non-contract positions.

All non

NEXT STEPS:	**TIMETABLE**
All non-contract postings require Vice-President approval.	Done
Elimination of select non-contract positions	Ongoing

5.7 Food Services Efficiencies

DESCRIPTION:
This is the second year of a three-year initiative to achieve savings through the consolidation of food service operations and various other process efficiencies. The first year of the plan focused on the South Island where several food production sites were consolidated at the Royal Jubilee Hospital, a 14-day core menu was introduced and ward stock was reduced. The second year of this initiative is intended to focus on Central and North Island operations and will include a number of operating efficiencies through scheduling, food purchasing and consolidation.

BACKGROUND/RATIONALE:
With the restructuring of acute and residential care within VIHA, food and production costs have been reduced. In addition, a number of opportunities have been realized to increase the efficiency of the food production process.

IMPACTS:
Initiatives in the Central and North Island have been or are in the process of being implemented. There has been minimal impact on staff and no impact on patient/resident care.

Financial Impact **($millions)**	**2003/04**	**2004/05**	**2005/06**
Food Services Efficiencies (03/04)	1.51	(0.06)	n/a

RISKS:
The risk assessment of this initiative is low.

ENABLERS:
n/a.

NEXT STEPS:
Complete.

5.8 Obsolete Facility Closure - Gorge Road Hospital

DESCRIPTION:
This is the second year of three-year initiative to close the Gorge Road Hospital and transfer services to more appropriate or alternative settings. A decision regarding the future use of the building and/or land has yet to be made.

BACKGROUND/RATIONALE:
The Gorge Road facility has exceeded its useful life and no longer meets today's care standards. The existence of mould in the walls of the facility is well known and efforts to repair the facility have been costly. With the program shift towards assisted living and complex care, this facility is the most logical choice for closure with savings being reinvested into other care options and applied to savings targets. The infrastructure costs associated with this closure will also make a material contribution to administration and support reduction targets mandated by the MOHS.

Other services at the site will be consolidated into existing facilities. Inpatient rehab has been relocated to 5C/D at the Victoria General Hospital. The Foot Clinic and Psoriasis Clinic will be relocated to Memorial Pavilion. An alternative location for Work Readiness and outpatient rehabilitation has yet to be found.

IMPACTS:
To date, three of four floors of the extended care tower have been vacated and residents have been satisfactorily relocated to other facilities, group homes or assisted living arrangements. By January 2004 the remaining floors will be vacated. 328 staff members have been displaced from the facility with the majority having bumped into other positions. A number of in-house and out-placement services have been offered.

Budget Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Obsolete Facility Closure	4.53	1.37	n/a

RISKS:
There is a medium financial risk associated with this initiative as the timing of the closure is delayed by several months. The shortfall has been incorporated into the Restructuring of Home and Community Care plan.

ENABLERS:
n/a

NEXT STEPS:	**TIMETABLE**
Transfer remaining residents to agreed alternatives	Now to Dec 03
Final facility closure	Mar 04

5.9 Administrative Support Restructuring

DESCRIPTION:
This is the second year of a three-year plan to reduce the percent of administrative overhead within the health authority. This target includes a number of initiatives detailed in the 02/03 plan including Attendance Management in the Central Island, Laundry Consolidation and Administrative Support Restructuring associated with the formation of the new health authority. Each of these plans have been successfully implemented and largely achieved for 02/03. For 03/04 the incremental amount from the 02/03 plan, along with the new target associated with the partial absorption of contract increases, will be achieved through similar types of initiatives as last year including further contracting out of some support services.

BACKGROUND/RATIONALE:
The performance agreement between the Ministry of Health Services and VIHA includes a specific target for the reduction of administrative and support costs as a percent of the overall 01/02 budget. Reductions in administrative support are intended to minimize the impact of budget reductions on direct health service delivery.

IMPACTS:
Staff throughout the operations support and corporate services such as human resources, finance, health records, transcription, information technology, planning and the professional practise council will be impacted and the workforce will be reduced. This will impact the timeliness of reports to the Ministry of Health and VIHA's ability to perform these staff functions.

Financial Impact ($millions)	**2003/04**	**2004/05**	**2005/06**
Administrative Restructuring (02/03 Plan)	1.00	0.54	0.00
Partial Absorption of Contract Increases (03/04 Plan)	6.10	0.00	0.00
Total Administrative Support Restructuring	7.10	0.54	0.00

RISKS:
The overall risk assessment of this initiative is low.

ENABLERS:
n/a.

NEXT STEPS: **TIMETABLE**

5.10 Compensation Management

DESCRIPTION:
This plan involves a number of initiatives aimed at improved productivity and reducing wage and benefit costs without reducing service levels. These initiatives include a focus on overtime, relief to replace staff during absences (vacation, sick, etc) and insurance premium costs.

BACKGROUND/RATIONALE:
In 2002/03 $17.0 million was spent on staff overtime. Generally the need for overtime is driven by the need to relieve other staff for approved time off, or to address additional workload. Registered nurses are the employee group who work the most overtime and the most common reason for the overtime is workload. Significant opportunities exist to reduce this cost through improvements in scheduling and management.

The average VIHA union employee takes approximately 57 paid days off each year (including stats). Approximately 40% of the time, another staff member is brought in to cover off the workload. These replacement costs can be minimized through changes to schedules and more conscious decisions about the need for replacement staff.

In 2002/03 VIHA paid approximately $17.0 million in sick leave costs, $12.5 million in Long Term Disability insurance premiums and $16.1 million in Workers' Compensation Board premiums. These costs are expected in to increase significantly next year (eg. LTD will be up by 29%) for a number of reasons, some of which are outside the control of VIHA. A number of initiatives have been put into place over the past several years to reduce staff injuries and/or reduce the amount of time people are off work due to illness or injury, however, there are still improvements that can be made. Opportunities may also exist to spread insurance premium costs over several years.

A new methodology for classifying VIHA employees for WCB purposes has been implemented and, in turn, it is expected to bring an insurance premium rebate of $1.4 million. A further base adjustment will be pursued as a result of some changes to the WCB Act that makes health employers co-insurers of this benefit.

IMPACTS:
The impacts of these changes on staff are difficult to predict at this time. On the surface, reductions in overtime would appear to be a positive outcome for staff, however, some individuals have come to depend on this additional income. With the reduction in the need for relief, theoretically fewer casual and extra part-time hours will be required.

There will be no adverse impacts on patients/clients or residents.

Financial Impact ($millions)	2003/04	2004/05	2005/06
Compensation Management	3.00	2.00	0.00

Note: Savings net of IT investments.

RISKS:
The overall risk assessment for this initiative is low.

ENABLERS:
The participation of line managers in developing and implementing relevant policies to guide staffing decisions will be critical to ensure systems are practical and supported. A computerized staff scheduling system for the South Island will also be needed to enable more efficient staffing rotations to reduce overtime and relief costs. A centralized staff scheduling resource will also be explored.

NEXT STEPS:	TIMETABLE
Task Groups Formed	Jul 03
CI WCB Reclassification Credit Received	Jul 03
Regional Implementation Plans Complete	Sep 03
Submissions to WCB Complete	Sep 03
Submissions to HEABC re: Collective Bargaining Goals Complete	Sep 03
Impact of Summer Closures Reviewed	Sep 03
North Island HR/Payroll Systems Merged Onto CI Meditech System (consolidated reporting available)	Nov 03
Attendance Improvement Training Complete	Dec 03
SI Staff Scheduling System Upgraded to V. 3.0	Dec 03
EDO Schedules Reviewed and Revised Where Operationally Possible	Dec 03
SI WCB Reclassification Credit Received	Dec 03
New Collective Bargaining Agreements Effective	Apr 04
CI/NI Staff Scheduling System Upgraded to v. 3.0	Apr 04
2004 Summer Closure Plan in Place	May 04
Year End Target Review and Reporting	May 04

5.11 Contracting Out Support Services

SUBJECT/SCOPE & DESCRIPTION:
This initiative includes additional savings through contracting out support services to the private sector. Business units to be included in further review and analysis are Security, Housekeeping, Food and Plant.

BACKGROUND/RATIONALE:
Bill 29 has allowed Health Authorities the option, under certain conditions, to contract out support services to the private sector in order to preserve available funding for core health services. Fiscal reality necessitates that this be pursued aggressively. Vendor interest/capability and scope of changes to systems will determine speed of implementation and the resulting cost savings.

IMPACTS:
These initiatives will displace a significant number of HEU staff and create additional strain within a stressed work environment. There will be strong opposition to these changes from staff and municipal politicians concerned about the loss of jobs within their communities.

Financial Impact ($millions)	2003/04	2004/05	2005/06
Contracting Out Support Services	2.76	5.24	1.45

RISKS:
There is a financial risk associated with this initiative, as the timing to complete the contracting out processes can be lengthy. There will be pressure on all absentee costs and potential issues related to work quality during the transition to contracted services. These risks will be mitigated by short-term measures to manage service levels and not filling vacant positions.

ENABLERS:
n/a.

NEXT STEPS:	TIMETABLE
Evaluate Vendor Submissions for South Island Food Service Request For Proposal	Aug 03
Issue RFP for Housekeeping for Selected Sites	Oct 03

5.12 Materiel Management Efficiencies

SUBJECT/SCOPE & DESCRIPTION:
This involves a variety of initiatives to find efficiencies within the purchasing and suppiy chain including strategic alliances with primary vendors to gain vendor rebates and value added services. This will include the introduction of e-commerce solutions and offering purchasing services to physician offices as a means of generating revenue.

BACKGROUND/RATIONALE:
An independent assessment of Health Authority purchasing processes has determined that the procurement process can be improved to avoid costs and recover expenses.

Also, current product utilization practices create circumstances where a variety of similar products, each from a different vendor, are used to treat the same clinical condition (a phenomenon of bringing together different organizations). Increased product standardization will enable us to negotiate better pricing and create purchasing and inventory management efficiencies.

IMPACTS:
The introduction of e-commerce initiatives has the potential to reduce the need for data entry, will decrease the number of steps involved in the procure to pay acquisition process, allow Purchasing and Accounts Payable staff to focus on value added activities, increase service response times, and reduce the need for data transformation activities.

Implementing e-commerce tools and achieving product standardization initiatives will allow us to create strategic alliances with our primary vendors. Once the strategic alliances are in place, vendors will be willing to offer value added services, rebates, and price discounts that would not be available without the development of these stronger relationships.

Financial Impact ($Millions)	**2003/04**	**2004/05**	**2005/06**
Materiel Management Efficiencies	0.33	1.43	0.77

RISKS:
There is a low to medium financial risk associated with this initiative given the information technology investments that are required have not yet been fully costed.

ENABLERS:
An investment in e-commerce tools (e.g. Biztalk or ERP – Materiel Management Systems such as Lawson or Peoplesoft) will be required. The savings estimate is net of IT investment.

NEXT STEPS:	**TIMETABLE**
Implement e-commerce Proof of Concept	Sep 03
Implement Product Standardization Initiatives	Sep 03
Implement Strategic Alliance Initiatives	Sep 03
Implement Physician Prime Vendor Pilot	Oct 03